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COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

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PERMANENT DOCUMENTS
COLLECTION

JUL 2 1995

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Renewing the Spirit of Community in Massachusetts

Annual Report 1993/1994

As required by Section 6 of Chapter 498 of the Acts and Resolves of 1978, the report is respectfully submitted to:

William F. Weld Governor Commonwealth of Massachusetts	Charles D. Baker Secretary of Executive Office for Administration and Finance
Thomas F. Birmingham Chairman Senate Ways and Means Committee	Edward B. O'Neill Senate Clerk
Thomas M. Finneran Chairman House Ways and Means Committee	Robert E. Mac Queen House of Representatives Clerk

RECENT ACQUISITIONS
COLLECTION

JUL 2 1995

University of Massachusetts
Dorchester Campus



The proof of CEDAC's impact on the non-profit development community goes far deeper than just the buildings it helps restore, the programs it helps to create, the policies it helps to formulate.

For each endeavor, there are many lives that are touched by the positive changes brought about by CEDAC's work.

Whether it be a new building, a place for children, a safer neighborhood, or the chance to call a house a home, CEDAC and its non-profit partners truly help renew the spirit of community in neighborhoods across Massachusetts.



LETTER FROM THE CHAIRMAN AND EXECUTIVE DIRECTOR

CEDAC experienced important changes in 1993 and 1994. First, Carl Sussman, CEDAC's founding Executive Director, announced his resignation. Then, Linda Conroy, Chairperson of CEDAC's board for six years, resigned her position at the Massachusetts Housing Finance Agency (MHFA), necessitating her resignation from the CEDAC board. Also, Thomas F. Welch, Vice-Chairman and longtime board member, resigned from the CEDAC board to devote more time to his business interest.



Michael Gondek, Executive Director and Daniel A. Grabauskas, Vice-Chairman

CEDAC owes Carl, Linda and Tom enormous debts of gratitude. They quite literally molded CEDAC into what it is today: a national model for intermediary community economic development institutions, and an agency with which its board and staff take great pride in being associated.

CHANGES

The CEDAC board and staff remain firmly committed to our mission of supporting the efforts of our non-profit partners. In 1994 CEDAC doubled its development staff, totally revamped its administrative and fiscal systems, and created a staff position to serve central and western Massachusetts. We also forged new program relationships, allowing CEDAC to launch several important new initiatives:

☛ *CEDAC dramatically increased its lending capabilities with the inception of the TOTAL loan fund, capitalized by MHFA at \$5 million, and dedicated to supporting the efforts of tenants and nonprofit developers who want to purchase properties in the Housing and Urban Development (HUD) foreclosed multi-family inventory, and in the Federal Expiring Use Restriction (EUR) stock of housing.*

☛ *In conjunction with the Resolution Trust Corporation (RTC) and the Federal Deposit Insurance Corporation (FDIC), CEDAC launched the national pilot program for the multifamily component of the FDIC's Affordable Housing Program.*

☛ *CEDAC will collaborate with the Massachusetts Association of Community Development Corporations (MACDC) to administer a strategic planning and capacity-building program in economic development for Community Development Corporations (CDCs) in the spring of 1995.*

CEDAC moved from an agency predominantly supported by state government, to a more financially free-standing entity. CEDAC approached this process of change determined not to lose its corporate values of flexibility, creativity, and supportiveness that have served its non-profit partners well. We approached these changes with great enthusiasm, because the opportunities to grow CEDAC into new directions will further the objectives of creating and preserving affordable housing, and of helping non-profit developers revitalize their neighborhoods.

TOWARD A NEW YEAR

In his book, "Reinventing Government", author David Osborne heralded the emergence of "third sector organizations", organizations that are privately owned and controlled, but that exist to meet public or social needs. Osborne praised an alternative vision of government which seeks not to produce all needed services itself, but to act in a catalytic and entrepreneurial manner to ensure their provision.

He noted that such governments invariably rely heavily on these "third sector" organizations to carry out important social functions, and cited community-based, non-profit development corporations as prime examples of such innovative organizations. The commitment of the Weld-Cellucci administration to local initiation and control of development is manifested in support of CEDAC's agenda, and that of its non-profit developer constituency.

The changes we've made preserve the best of what has always been CEDAC, while improving our programs to better serve our partners. In 1995 CEDAC will keep the "community" in community economic development for people across the Commonwealth -- and for the hundreds of lives those efforts have touched in positive ways.



Daniel A. Grabauskas
Chairman



Michael Gondek
Executive Director



AFFORDABLE HOUSING

“My throat is still sore from yelling for tenants’ rights, but it has been worth it to have a peaceful, secure place to live near my children. Keeping these buildings from being turned into condominiums has been an important accomplishment for both myself and my community.”

Maria Gutierrez, retired factory worker, Salem Point Cooperative Housing community organizer to keep Salem Point for affordable housing.

Over its sixteen year history, CEDAC has assisted nonprofit developers in producing over 7,185 new or rehabilitated family housing units. Since the national economic recession wreaked havoc on the Massachusetts real estate market five years ago, CEDAC has targeted housing stock owned by financial institutions for acquisition and rehabilitation by non-profit developers. Reclaiming this housing stock restores stability to the neighborhoods in which the properties are located, and offers a cost-effective way to provide quality rental housing and affordable homeownership.

Salem Point Cooperative

Housing, Salem: In 1990, six buildings scattered throughout Salem's Point neighborhood had been foreclosed by the Bank of New England. When the bank failed, these buildings were taken over by Recoll Management. With CEDAC's guidance, the Salem Harbor Community Development Corporation (SHCDC) persevered through drawn out negotiations with a succession of owners to acquire these properties, so that they could be turned into affordable housing for area residents.

SHCDC assembled a complicated mosaic of financing from EOCD, the Massachusetts Government Land Bank, private investors, and the city of Salem. The result of this hard work was the construction of 77 units of cooperative family housing that provides lower-income Salem residents with the chance for home ownership and control over their own housing.



Diego Riveria, homebuyer, Rural Development, Inc., Turner Falls.

King Street, Worcester: King Street in the Main South area of Worcester is a healthy and attractive street. But a half dozen distressed buildings on the street threatened to undermine the neighborhood. With assistance from CEDAC, the Worcester Housing Partnership (WHP) moved to acquire and renovate the properties, preserving the vitality of King Street.

When threatened with foreclosure, the realty trust which owned these six buildings was only too happy to negotiate with WHP for the sale of the properties. With private bank financing, a Federal Home Loan Bank Board grant, and scarce Section 8 rental subsidies, WHP created 20 attractive, large, family rental units in three of the buildings. The remainder were secured for future rehabilitation or re-sale. As an added bonus, private owners on the street have taken a page from WHP's book and

are renovating their own neglected buildings. As a result of WHP's tenacity, King Street has a brighter future.

Berkeley Place, Lawrence: The Lawrence Planning and Neighborhood Development Corporation (LPNDC), assisted by CEDAC, spearheaded the acquisition and rehabilitation of Berkeley Place, a 38-unit rental apartment complex in Lawrence. Previously owned by RTC, Berkeley Place was sold to LPNDC for one dollar, a deal negotiated by CEDAC. Dramatically, RTC's initial asking price for Berkeley Place was \$880,000!

In addition, the RTC agreed to allow the city of Lawrence to acquire by tax title foreclosure three RTC-owned vacant triple-deckers adjacent to Berkeley Place. The city of Lawrence then demolished the triple deckers and sold the vacant land to LPNDC for the amount of the back taxes owed. In turn, LPNDC will use the land to improve the site plan for Berkeley Place, creating a larger parking area and expanding play space for children. The rehabilitation was completed in June 1994, restoring the property to the city's tax rolls, decreasing density in the neighborhood, and providing safe and inviting housing for working families.

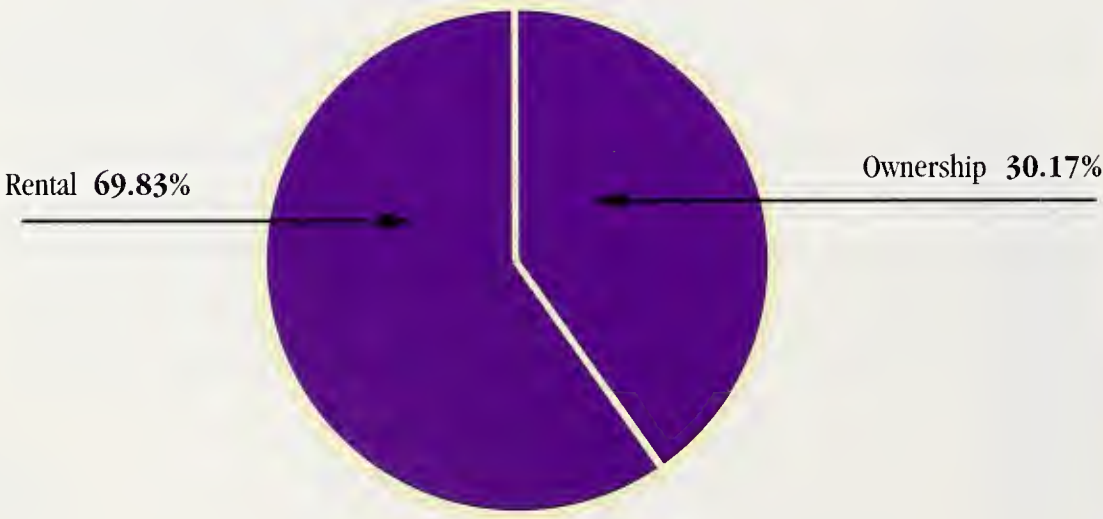
FDIC Housing, Northbridge: CEDAC's assistance helped South Middlesex Opportunity Council (SMOC) and the town of Northbridge preserve endangered affordable housing, while stabilizing several of Northbridge's neighborhoods. SMOC and the town negotiated with the FDIC and local banks to acquire abandoned and deteriorated rental properties scattered throughout Northbridge.

CEDAC made a large early commitment of funds to help pay for SMOC's pre-development needs for the complicated and ambitious project. Using state HOME and Housing Demonstration Support Program funds, an FHLB grant, and mortgage financing from the Massachusetts Housing Partnership Fund (MHP), SMOC is rehabilitating the former FDIC properties into 100 units of affordable rental housing.

Rural Development, Inc., Turners Falls: Rural Development, Inc. (RDI), located in Turners Falls, is developing 12 new single-family homes in the towns of Buckland, Charlemont, and Shutesbury. Utilizing the Farmers Home Administration (FmHA) Self-Help Housing Program, RDI has formed two groups of home buyers. The first group of buyers have recently completed their homes, while the second group has received zoning approval, and is looking forward to a Spring 1995 construction start.

CEDAC assistance allowed RDI to complete the site planning and engineering, site surveys, and market

AFFORDABLE HOUSING SUMARY
Breakdown by Type of Unit



In 1993-94 CEDAC committed over \$1.7 million to Affordable Housing projects which will produce 1,749 units of housing.



Elsa Cordoba and son Victor, Salem Point Cooperative, Salem.

study required to submit their successful application to FmHA for funding. Once funding was awarded, RDI provided counseling, technical assistance, and project management services to the groups as they worked toward home ownership.

Stonybrook Gardens, Jamaica Plain:

For residents of Jamaica Plain, Stonybrook Gardens Cooperative Housing fulfills a long-time dream. In the 1970s, many homes were demolished in Jamaica Plain's neighborhoods to make way for a planned superhighway. Insult was added to injury when the highway project was abandoned and the cleared Southwest Corridor stood vacant for many years.

But from this community disaster, opportunity arose. Urban Edge, a community housing developer, never gave up hope of restoring those homes to its community.

Urban Edge finally developed Stonybrook Gardens in 1993, a resident-owned cooperative housing complex consisting of 50 units. Monthly charges are made affordable to residents through a financing package that uses equity raised by the Massachusetts Housing Investment Corporation (MHIC), a loan from the Housing Innovations Fund (HIF), a Federal Home Loan Bank Board (FHLBB) grant, and a major loan from the city of Boston. CEDAC provided assistance to make this housing complex a reality in the form of loans to assemble the site from several owners, conduct environmental testing, and complete architectural drawings.

HOUSING PRESERVATION



“Owning our complex will give us a say over management, rent increases, and keeping our complex affordable. It takes a lot of hard work, but it’s worth the effort. It’s a great feeling knowing that you are helping your neighbors build a better community to live in.”

Dorothy Chretien, President

Betty Ann Lavoie, Clerk

Amesbury Gardens Tenants Association

CEDAC has carved out an important niche nationally as an expert in the preservation of HUD's foreclosed multifamily inventory, and of the Expiring Use Restriction (EUR) properties, federally-financed private rental housing developments. In both areas, CEDAC's objective is to convert rental housing to homes that are owned and controlled by lower-income residents. CEDAC provides organizational development and development consulting services to tenant groups involved in these types of projects, including ongoing advisory services to resident owners after they have taken control, during the asset management and ownership periods.



Discussion among RtR members, include Paulette Ford, Camfield Gardens, Sharon Foran, Low Cost Housing, Lou Ann David, Clarendon Hill Towers and Edna Smallwood, Grant Manor.

Over the next two years, CEDAC will play a pivotal role in helping MHFA implement the national pilot HUD/MHFA Demonstration Disposition Program. Through this program, almost 2,000 units of HUD-owned housing will become the property of resident owners, or of a partnership between private developers and resident organizations. Moreover, the 13 EUR projects currently receiving assistance from CEDAC will provide the opportunity to convert an additional 1,846 units of rental housing to resident ownership.

Amesbury Gardens, Lawrence: Under HUD's Low Income Housing Preservation and Resident Home ownership Act (LIHPRA), the Amesbury Gardens project in

Lawrence will provide for the purchase, rehabilitation, and preservation of a 160-unit, HUD-insured, multifamily development by a resident ownership purchaser. Funding for the development will come from HUD grants, an MHFA mortgage, and project-based Section 8 rental subsidies. As a result, Amesbury Gardens will be preserved as affordable housing for the property's remaining useful life.

Residents to Residents: CEDAC helped develop Residents to Residents (RtR), an organization of resident leaders from both housing developments that already have converted to resident ownership, and those that are just beginning the process of

exploring such ownership. Through this forum, resident leaders are able to share their experiences and learn from each other's successes and problems. The program fosters a "mentoring" relationship between successful resident owners and newly-formed tenant groups.

RtR is gaining national recognition as a unique example of residents growing into not just successful owners and managers of their housing, but a peer support mechanism to lend their hard-won experience and wisdom to other tenants. Its members are articulate and credible spokespeople for the benefits that control over housing through resident ownership can provide.

SUPPORTED HOUSING

“As an artist and illustrator, I always thought I would be able to support myself through my art. But life doesn’t always turn out that way. I am delighted to have a clean, safe place to live and work in, an arrangement that has given me a chance to get on with my life.”

John Tyburn, artist and illustrator

Caritas Communities’ Parkview resident previously living in shelters and the YMCA



CEDAC provides pre-development loans to non-profit developers who create a diverse array of service-enriched residential options for citizens who have special needs, or who face homelessness without access to such permanent housing. CEDAC also serves as the underwriter for the Executive Office of Communities and Development (EOCD) for the Housing Innovations Fund (HIF) program. HIF has sparked the development of more than 123 supported housing projects, creating more than 2,808 housing units, by non-profit developers. The HIF program provides a flexible and responsive source of financing to help provide housing for those families and individuals who need supportive services where they live.

Parkview Single Room Occupancy (SRO)

Housing: When Caritas Communities first inspected the Parkview Apartments, the buildings were plagued by blatant prostitution and drug-dealing, and many of the residents were a menace to their neighbors on Hemenway Street in the Fenway. Caritas spent over three years negotiating to buy the buildings from the slumlord who owned them; stabilizing the buildings and evicting problem tenants; and securing the financing to rehabilitate and properly manage the renovated 62 units of single room occupancy (SRO) housing. The Parkview now provides a home for many individuals who were previously homeless, or housed in institutional settings.



Grinnell Mansion, New Bedford

Pomeroy Lane Cooperative, Amherst: ABODES, an Amherst-based non-profit advocacy organization for the mentally and physically challenged, joined forces with the Housing Allowance Project (HAP) to construct Pomeroy Lane Cooperative, a limited-equity housing

cooperative near the village center of south Amherst. Five units in the coop were reserved for ABODES' constituency, the mentally and physically challenged, and offer them the opportunity to participate in the cooperative's governing body.

Pomeroy Lane is comprised of 24 units in newly constructed townhouse

buildings, plus a previously-existing single family home renovated to accommodate four individuals. The Pomeroy Lane project enjoyed overwhelming support from the town of Amherst for its innovative and heart-warming approach to integrating the challenged into cooperative housing.

Grinnell Mansion, New Bedford: New Bedford's Waterfront Historic Area League (WHALE) is an active preservation group keen on saving historic landmarks that reflect New Bedford's rich heritage. WHALE's acquisition and rehabilitation of the Joseph Grinnell Mansion into elderly housing helped the organization meet its goal.



Tory and Juan Dickson, Pomeroy Lane Cooperative, Amherst

With \$1.9 million garnered from public and private sources, including a Federal Home Loan Bank Board (FHLBB) grant, loans from the City of New Bedford and the New Bedford Institution for Savings, equity raised through MHIC, and many donations, WHALE was able to purchase and rehabilitate the Grinnell Mansion. Today, the mansion contains 16 units of congregate

housing for very low income, frail, elderly people, and helps meet the growing need for housing for independent elderly people in New Bedford.

Crawford Street, Boston: When the Boston Citywide Land Trust (BCLT) went looking for an affordable site to include in its SRO Collaborative program, the City of Boston helped out by donating a building on Crawford Street in the city's Roxbury neighborhood. But the building was less than the BCLT had hoped for. In fact, most area residents felt it should be torn down. But BCLT and its architect saw the proud Victorian structure behind the brick facade, and believed they could turn it into a safe and affordable home for 13 homeless, mentally ill individuals.

CEDAC provided funds to hire an architect, and to pay for other pre-development costs to get this project underway. Using the leverage of early commitments from HIF and the city, BCLT secured a McKinney operating subsidy through HUD. With subsidy in hand, they were able to secure loans from MHIC and MHP to complete the financing package. Opened in the spring of 1994, the building has evolved from a neighborhood blight into a neighborhood asset.

SUPPORTED HOUSING

Breakdown of Housing Units

Transitional Housing 6.45%

Emergency Shelter 4.03%

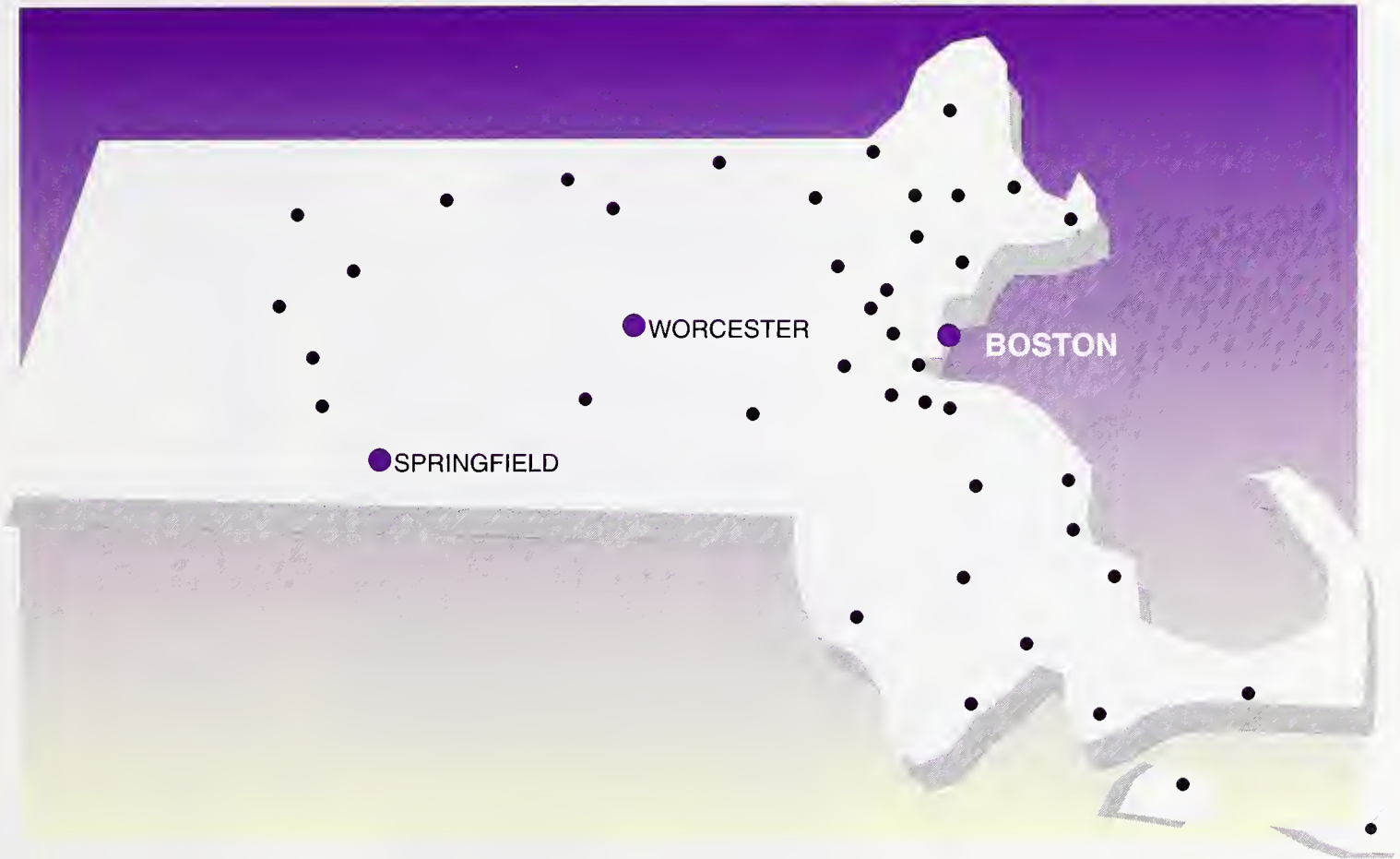
Special Needs Shelter 31.85%



Cooperative 27.42%

Single Room Occupancy 30.25%

Geographic Distribution of CEDAC Projects, 1993-94



In 1993-94 CEDAC provided assistance to projects in the following communities:

Amherst	Gloucester	Orange
Athol	Greenfield	Plympton
Boston	Hanson	Reading
Brewster/Wellfleet	Haverhill	Rockland
Brockton	Holyoke	Salem
Brookline	Hyannis	Shirley
Cambridge	Kingston	Somerville
Chelsea	Lawrence	Springfield
Chicopee	Lowell	Taunton
Dorchester	Medford	Waltham
East Boston	Nantucket	Wareham
Falmouth	New Bedford	Wilmington
Fitchburg	Northampton	Worcester
Franklin	Northbridge	
Framingham	Oak Bluffs	
Gardner		



“It is axiomatic that without child care, young mothers can’t work. Employment is the road that leads out of poverty. As the initiator of the Child Care Capital Investment Fund, our United Way is proud that the Fund has enabled almost 50 nonprofit child care providers to increase the supply and quality of child care in the low-income, urban neighborhoods where it is most needed”

Marion Heard, President, United Way of Massachusetts Bay

The Child Care Capital Investment Fund (The Fund), of which CEDAC is a co-manager, is entering the final year of its five year pilot program. The Fund was conceived by the United Way of Massachusetts Bay and capitalized by United Way, local foundations and corporations, and a Ford Foundation program related investment. The Fund is a critical component of the United Way's "Success by 6" initiative. The Fund has been successful in achieving its primary goal-- finding new money to build, or improve nonprofit day care centers. The Fund



Student at North Shore CAP, Peabody

offers technical assistance and an array of financial assistance programs to child care providers serving low income children in the 81 communities that make up the Boston metropolitan area. Through its work, the Fund seeks to financially strengthen nonprofit child care providers, and to support their efforts to improve the quality of the care they deliver.

In its two years of active lending, the Fund has made more than \$2 million in loans or loan commitments to 43 borrowers. These loans have created over 200 new

day care slots, and made improvements to facilities serving another 1,100 children. In addition, the Fund launched two new initiatives during the last year. The first is a computer package that offers hardware, day care-specific software, and financing to providers. The second, a Facilities Assessment Grant program, provides

grants to targeted providers for comprehensive needs assessments of their facilities.

NSCAP/Peabody:

The North Shore Community Action Program (NSCAP) used a \$100,000 Child Care Capital Investment

Fund loan to convert the

basement of a Peabody Housing Authority elderly housing development into a childcare center. This loan, originated by CEDAC, made possible a new home for NSCAP'S Head Start and child care programs, and brought an intergenerational dimension to the building.. In the future, NSCAP plans to use the space as a site of its new family support center, including child care for up to 70 children.

POLICY/PROGRAM DEVELOPMENT WORK



“I had never been able to bring my two year old son home from the hospital after he was born. His respiratory problems require him to have his own bedroom in a ground floor unit to accommodate all of the medical equipment he needs. Berkeley Place gave us the opportunity to have a clean, safe apartment so we can finally live together as a family.”

Altaqrazia Deleon, Berkeley Place, Lawrence

CEDAC plays a valuable role for Massachusetts by helping shape national affordable housing and community development policies. HUD, the Congressional delegation, the RTC, and FDIC all call on CEDAC for assistance with policy analysis, program design, and program implementation. In addition, CEDAC's expertise in the areas of housing and community development reaps real dividends for Massachusetts. First, the state reaffirms its role as the national leader in housing policy. Second, Massachusetts communities have the chance to address vacant and blighted housing before those problems spread to healthy neighborhoods. And third, the state receives a greater share of federal funding for housing because of CEDAC's familiarity with national policies and programs.

CEDAC and HUD:

CEDAC has been one of the key institutional players nationally who have helped HUD redesign the Low Income Housing Preservation and Resident Homeownership Act (LIHPRA), which

affects the future of over 30,000 rental housing units in the Commonwealth. Because of CEDAC's integral role in shaping federal policy in the housing preservation arena, the Commonwealth and its nonprofit developers are positioned to benefit from the federal resources available to support the retention of the EUR

inventory as long-term affordable rental housing.

This year, HUD's Resident Initiatives Office asked CEDAC to document its technical assistance model in the form of a manual for helping tenants of HUD-assisted rental housing convert their properties to resident ownership. The manual will be a key resource nationally for the support and nurturing of the complicated process of converting resident ownership.

CEDAC and RTC/FDIC: Based on CEDAC's experience as a technical assistance advisor to the RTC over the past several years, Stephen Allen, the national Affordable Housing Director for the RTC, approached CEDAC and the Citizens Housing and Planning

Association (CHAPA) to help launch a pilot program to help dispose of a selected set of FDIC affordable housing multifamily properties.

CEDAC staff worked with the RTC and FDIC to finalize the program design, coordinate due diligence functions on

five selected multifamily properties, and conduct marketing and outreach activities to a range of prospective non-profit and public agency buyers. Bids were received on all five properties (located in Holyoke, Chicopee, Wareham, and Rockland), and negotiations are underway to finalize the terms of sale.



Stephen Allen, director of RTC's Affordable Housing Program, greets Congressman Barney Frank at the announcement ceremony for the FDIC national affordable housing program.

Community Economic Development Assistance Corporation
Balance Sheet
as of June 30, 1994

	General Fund	Capital Fund	Loan Fund	Total All Funds
ASSETS				
Current Assets				
Cash and cash equivalent	\$ 423,197	\$	\$ 5,479,334	\$ 5,902,531
Restricted cash	21,626			21,626
Due from funding sources	260,214			260,214
Due from other fund	79,231			79,231
Prepaid expense	17,535			17,535
Total Current Assets	<u>801,803</u>	<u>0</u>	<u>5,479,334</u>	<u>6,281,137</u>
Property & Equipment (net)		84,415		84,415
Other Assets				
HIF Loans receivable			23,433,337	23,433,337
Loans receivable, net of loan loss reserve of \$721,100			2,133,012	2,133,012
Total Other Assets	<u>0</u>	<u>0</u>	<u>25,566,349</u>	<u>25,566,349</u>
Total Assets	<u>\$ 801,803</u>	<u>\$ 84,415</u>	<u>\$ 31,045,683</u>	<u>\$ 31,931,901</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accrued expenses	\$ 17,809	\$	\$ 4,806	\$ 22,615
Due to funding source			43,019	43,019
Deferred revenue	25,032		105,506	130,538
Accrued compensation	19,247			19,247
Deferred compensation	15,981			15,981
Due to other funds			79,231	79,231
Total Current Liabilities	<u>78,069</u>	<u>0</u>	<u>232,562</u>	<u>310,631</u>
Long-Term Liabilities				
HIF Notes payable			24,547,733	24,547,733
Notes payable			2,411,182	2,411,182
Total Long-Term Liabilities	<u>0</u>	<u>0</u>	<u>26,958,915</u>	<u>26,958,915</u>
Total Liabilities	<u>78,069</u>	<u>0</u>	<u>27,191,477</u>	<u>27,269,546</u>
Fund Balances				
General Fund, Designated	723,734			723,734
Capital Fund		84,415		84,415
CEDAC Loan Fund			518,044	518,044
Mass. Arts Loan Fund			71,007	71,007
MHP Loan Fund			3,197,340	3,197,340
RTC Loan Fund			67,815	67,815
Total Fund Balances	<u>723,734</u>	<u>84,415</u>	<u>3,854,206</u>	<u>4,662,355</u>
Total Liabilities and Fund	<u>\$ 801,803</u>	<u>84,415</u>	<u>31,045,683</u>	<u>31,931,901</u>

Note: These figures are based on CEDAC's audited financial statements. A complete audit is available upon request.

Community Economic Development Assistance Corporation
Statement of Support, Revenue and Expenses and Changes in Fund Balances
For the Year Ended June 30, 1994

	General Fund	Capital Fund	Loan Funds	Total All Funds
Public Support and Revenue				
Public Support				
Grants and contracts	\$ 255,034	\$	\$ 115,000	\$ 370,034
Revenue				
Recapture revenue	2,080			2,080
Fiscal agent income	6,021			6,021
Fee income	610,358		85,166	695,524
Interest income	21,138		236,145	257,283
Total Revenue	639,597	0	321,311	960,908
Total Public Support and Revenue	894,631	0	436,311	1,330,942
Functional Expenses	849,844	11,966	535,426	397,236
Excess (Deficit) of Public Support and Revenue Over Expenses-	44,787	(11,966)	(99,115)	(66,294)
Fund Balances, Beginning	741,668	33,660	3,975,683	4,751,011
Fund Transfers	(62,721)	62,721		0
Net Deficit (Excess) deducted from (added to) Note Pay	0	0	(22,362)	(22,362)
Fund Balances, Ending	\$ 723,734	\$ 84,415	\$ 3,854,206	\$ 4,662,355

Note: These figures are based on CEDAC's audited financial statements. A complete audit is available upon request.

COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION

SELECTED NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies

The Community Economic Development Assistance Corporation (CEDAC) is a quasi-public corporation established under Chapter 40H of Massachusetts General Laws of 1978 and is discretely presented as a component unit in the Commonwealth of Massachusetts' Comprehensive Annual Financial Report. CEDAC is exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code. CEDAC provides a range of development assistance programs to nonprofit development corporations through the Commonwealth of Massachusetts, to expand the supply of affordable housing and foster the revitalization of economically distressed areas.

CEDAC's nine member Board of Directors, composed of public and private development professionals appointed by the Governor, sets overall corporate policy and approves the commitment of funds to nonprofit developers for specific projects.

General Fund - The General Fund represents the portion of expendable funds which is available for operations. The designated portion of the fund represents an amount of \$184,558 of funds repaid to CEDAC in accordance with recapture agreements on successfully completed projects. It is the policy of CEDAC to set aside these funds to be used for related program purposes.

In addition, the Board has designated a portion of the General Fund to serve as an operating reserve and another portion to fund loan losses. At June 30, 1994, CEDAC had set aside \$424,816 for the operating reserve. As of the close of FY94, CEDAC had reserved \$114,360 to fund loan losses. To the extent possible and as loans are forgiven, the board may also authorize the transfer of loan loss reserve funds to the CEDAC Loan Fund to help maintain lending capacity.

Capital Fund - The Capital Fund is used to account for all property and equipment purchased to support CEDAC operations.

Loan Funds - The Loan Funds represent funds established to account for the various loan programs. The loans take the form of unsecured promissory notes between CEDAC and the borrower. Loans made after October 1, 1992 bear 5% simple interest until the scheduled due date of the loan, which is generally the construction loan closing date of the project.

The **CEDAC Loan Fund** was established through an initial capitalization of \$300,000 from the Executive Office of Communities and Development. The CEDAC Loan Fund is used to assist CEDAC-eligible nonprofit organizations in covering pre-development costs for the construction or rehabilitation of residential, commercial and industrial real estate.

The **MA Arts Loan Fund** was established through an initial capitalization of \$100,000 from the Massachusetts Council on the Arts and Humanities. This fund is to be used to assist groups of artists and other nonprofit developers in undertaking real estate projects throughout the state to provide permanent, affordable live/work or work studio space. In the event CEDAC determines there to be insufficient loan demand for this purpose pursuant to a grant agreement, it may apply funds to other programmatic uses.

The **Massachusetts Housing Partnership (MHP) Loan Fund** was established with \$3.8 million in funding from the MHP Fund in 1986 as authorized by Chapter 405 of the Acts of 1985. The MHP

Loan Fund is used to provide site option loans, technical assistance advances and front money loans to nonprofit organizations operating in locations designated as MHP partnership communities. In order to be eligible for such a loan, the project must result in construction or rehabilitation of affordable housing.

The **RTC Loan Fund** was established through a contract between the Resolution Trust Corporation (RTC) and CEDAC to provide technical assistance and pre-development loans to nonprofit developers of RTC-owned property for affordable housing. Under the agreement, RTC has capitalized a \$100,000 revolving pre-development loan fund at CEDAC and CEDAC commits loan funds to eligible borrowers.

The **MHFA Loan Fund** was established through an initial capitalization of \$350,000 from the Massachusetts Housing Finance Agency (MHFA) for the Tenant Organization Technical Assistance Loan (TOTAL) program. CEDAC's contract for the TOTAL program provides for additional funds as needed to a maximum of \$5 million. The TOTAL Loan Fund is to be used to make loans to tenant organizations or other nonprofits seeking to purchase and develop assisted multi-family properties owned by HUD or financed and/or regulated by HUD.

The **Housing Innovations Fund (HIF)** is funded by \$30 million in general obligation bonding authority. The funds are used to make grants to local housing authorities and community development corporations to support subordinated deferred mortgage loans to specific affordable housing projects owned by nonprofit organizations.

CEDAC is the underwriter and fiscal agent for HIF mortgages which are granted by the Executive Office of Communities and Development (EOCD). Upon closing each HIF loan, EOCD generally disburses loan proceeds and related fees to CEDAC for disbursement to the designated recipients.

Notes and mortgages executed in connection with each HIF loan are assigned to CEDAC, which is responsible for the collection of loan repayments. CEDAC and its officers, directors and employees will not be liable to EOCD for any losses on HIF loans not repaid or otherwise recovered.

The **Child Care Capital Investment Fund (CCCIF)** was established through an initial capitalization of \$443,165 from the Child Care Capital Investment Fund, Inc. a controlled affiliate of the United Way of Massachusetts Bay. The funds have been derived from private corporations and foundations who have decided to collaborate in a larger child care initiative of which the capital fund is one of two elements. CEDAC serves as the fund's manager, making loans and providing technical assistance to nonprofit child care centers serving low income children. CEDAC's role is to manage the corpus; to underwrite, originate, and service the Fund's eight financial products, to supply technical assistance to eligible organizations and to provide advice on public policy matters.

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The Community Economic Development Assistance Corporation (CEDAC) is the Commonwealth of Massachusetts' technical assistance provider for non-profit, community-based development organizations. Established by the Massachusetts Legislature in 1978, CEDAC has helped residents of Massachusetts restore their communities as stable and vibrant places in which to live and grow. CEDAC is governed by a nine member board of directors appointed by the Governor of the Commonwealth. It is a 501(c)(3) tax-exempt organization.

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